

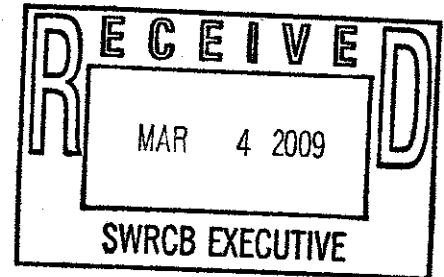


## Westlands Water District

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March 3, 2009

State Water Resources Control Board  
1001 "I" Street  
Sacramento, California 95814



Attention: Ms. Jeanine Townsend, Clerk

Dear Board Members,

We appreciate the opportunity to comment on the draft "Policy for Implementing The Clean Water State Revolving Fund For Construction of Wastewater Treatment Facilities" dated March 2009 (the "Draft Policy").

Currently, the State Water Resources Control Board ("SWRCB") allows an applicant to subordinate the CWSRF loan to the applicant's existing and future debt under certain circumstances (typically based on ratings from national rating agencies and coverage levels). Sections VIII(C)(4) and Section X(G) of the Draft Policy, however, require all future debt of the applicant to be subordinate to the CWSRF loan, in effect reversing existing policy with respect to payment priority.

The current flexibility in payment priority makes the CWSRF loan attractive to certain agencies, offsetting certain other CWSRF terms and conditions (such as the 20 year amortization period) which can have negative rate impacts on the applicants if the loan is required to be on the senior level. We would encourage the SWRCB to continue the current policy of allowing applicants to subordinate CWSRF loans to future debt with appropriate ratings and coverage requirements (such as those set forth in Section X(G)).

Sincerely,

Dave Ciapponi  
Assistant General Manager